

# Auditing Procedures Report

Issued under Public Act 2 of 1988, as amended.

Unit Name	Dewitt Charter Township	County	CLINTON	Type	TOWNSHIP	MuniCode	19-1-050
Opinion Date	Jun 5, 2008	Audit Submitted		Fiscal Year	2007		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

**Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".**

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/>	18. Are there reported deficiencies?
<input type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue: \$ 5,212,807.00

General Fund Expenditure: \$ 4,752,642.00

Major Fund Deficit Amount: \$ 0.00

General Fund Balance: \$ 1,873,566.00

Governmental Activities  
Long-Term Debt (see  
instructions): \$ 2,632,225.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations)

CPA (First Name)	Steve	Last Name	Piesko	Ten Digit License Number	1101026796
CPA Street Address	544 Cherbourg	City	Lansing	State	Mi
				Zip Code	48917
CPA Firm Name	Maner, Costenson, & Ellis	Unit's Street Address	1401 W. Herbison Rd	City	DeWitt
				Zip Code	48820

**DEWITT CHARTER TOWNSHIP  
CLINTON COUNTY, MICHIGAN  
REPORT ON FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2007**

**DEWITT CHARTER TOWNSHIP  
CLINTON COUNTY, MICHIGAN**

**DECEMBER 31, 2007**

**BOARD OF TRUSTEES AND ADMINISTRATION**

Rick Galardi	Supervisor
Diane Mosier	Clerk
Phyllis Daggy	Treasurer
Max Calder	Trustee
Brian Ross	Trustee
Stephen Musselman	Trustee
David Seeger	Trustee
Rodney Taylor	Manager

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James R. Dedyne

Timothy H. Adams  
David B. Caldwell  
Edward L. Williams, III  
Timothy J. Orians  
Dennis D. Theis  
James A. McNeeley  

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Walter P. Maner, Jr. (1921-2004)  
Floyd L. Costerisan  
Leon A. Ellis (1933-1988)

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Dewitt Charter Township  
State of Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dewitt Charter Township, State of Michigan as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Dewitt Charter Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dewitt Charter Township, State of Michigan as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis budgetary comparison information on pages vi through xi and 33 through 35, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dewitt Charter Township's basic financial statements. The combining and individual fund financial statements and other additional information presented in pages 36 through 38 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and other additional information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Maner, Costeusan + Ellis, P.C.*

June 13, 2008

**DEWITT CHARTER TOWNSHIP  
MANAGEMENT DISCUSSION AND ANALYSIS  
DECEMBER 31, 2007**

**Financial Reporting**

This discussion and analysis of the Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2007. Please read it in conjunction with the Township's financial statements.

**Financial Highlights**

As discussed in further detail in this analysis, the following represents the most significant financial issues for the year ended December 31, 2007:

- State shared revenue, our second largest revenue source in the General Fund, decreased by 1% in 2007. This major source of revenue continues to be unstable as the State of Michigan deals with changes in revenue collections and the formula used to disburse this money back to the municipalities. The Township is currently receiving \$243,255 less from state shared revenue than was received in 2001.
- Property tax revenues increased \$211,528 from the prior year. This 8.1% increase is slightly more than the 2006 increase in property tax revenues. The increase is the result of new development, an increase in the value of existing properties in the Township, and slight millage rate increases for police and fire services.
- The Township continues the practice of funding reserves for nonoperating expenditures. These include setting aside money from 425 Agreements, funding for future fire apparatus, replacement of out-dated technology, road improvements, wastewater treatment plant digester project and other general sewer system improvements.
- The Township increased net assets in 2007 by \$1,251,081.

**Using this Annual Report**

This discussion and analysis are intended to serve as an introduction to DeWitt Charter Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The statement of net assets and the statement of activities provide information about the activities of DeWitt Charter Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

**Fund Financial Statements.** The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the operations of DeWitt Charter Township in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which DeWitt Charter Township acts solely as a trustee or agent for the benefit of those outside the government.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

DeWitt Charter Township maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the Other Supplementary Information section of this report.

The Township adopts an annual appropriated budget for its General Fund and Special Revenue Funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

**Proprietary Funds.** DeWitt Charter Township maintains two proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses Enterprise Funds to account for its sewer system and water system activity.

**Fiduciary Funds.** Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12 - 32 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, such as this MD&A and the General Fund budgetary comparison schedule. Combining statements referred to earlier in connection with nonmajor governmental funds are presented as other supplementary information.



## **The Township as a Whole**

The following table shows, in a condensed format, a comparative analysis of the net assets as of December 31, 2006 and December 31, 2007.

	Governmental activities		Business-type activities		Total government	
	2006	2007	2006	2007	2006	2007
<b>Assets</b>						
Current and other:						
Assets	\$ 4,785,075	\$ 6,305,417	\$ 7,978,872	\$ 8,386,752	\$ 12,763,947	\$ 14,692,169
Capital assets	9,165,664	9,374,870	12,333,620	12,452,788	21,499,284	21,827,658
Total assets	13,950,739	15,680,287	20,312,492	20,839,540	34,263,231	36,519,827
<b>Liabilities</b>						
Current liabilities	3,072,410	3,820,132	475,068	395,970	3,547,478	4,216,102
Noncurrent liabilities	2,467,780	2,240,899			2,467,780	2,240,899
Total liabilities	5,540,190	6,061,031	475,068	395,970	6,015,258	6,457,001
<b>Net Assets</b>						
Invested capital assets, net of related debt	6,524,335	6,917,049	15,913,335	16,075,719	22,437,670	22,992,768
Restricted	150,675	146,895			150,675	146,895
Unrestricted	1,735,539	2,555,312	3,924,089	4,367,851	5,659,628	6,923,163
Total net assets	\$ 8,410,549	\$ 9,619,256	\$ 19,837,424	\$ 20,443,570	\$ 28,247,973	\$ 30,062,826

Net assets may serve over time as a useful indicator of a government's financial position. DeWitt Charter Township's assets exceeded liabilities by \$30,062,826 as of December 31, 2007. The most significant portion of the Township's net assets (76 percent) reflects its investment in capital assets (e.g., land, buildings, equipment), less any related debt used to acquire those assets that are still outstanding. The Township used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net assets (less than 1 percent) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$6,923,163 may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The Township's net assets increased by \$1,251,081 during the current year as indicated on the following page.

	Governmental activities		Business-type activities		Total government	
	2006	2007	2006	2007	2006	2007
<b>Revenue</b>						
Program revenue:						
Charges for service	\$ 892,940	\$ 830,927	\$ 1,698,029	\$ 1,644,577	\$ 2,590,969	\$ 2,475,504
Operating grants and contributions	3,090	2,756			3,090	2,756
Capital grants and contributions	114,475	278,108	265,134	307,790	379,609	585,898
General revenue:						
Property taxes	2,624,073	2,835,601			2,624,073	2,835,601
State shared revenue	912,247	907,603			912,247	907,603
Investment earnings	180,096	223,931	92,517	144,607	272,613	368,538
SCCMUA equity			1,194,206	480,462	1,194,206	480,462
Miscellaneous	197,144	383,109			197,144	383,109
Total revenue	4,924,065	5,462,035	3,249,886	2,577,436	8,173,951	8,039,471
<b>Program expenses</b>						
General government	1,498,584	1,753,189			1,498,584	1,753,189
Public safety	1,740,316	1,880,520			1,740,316	1,880,520
Public works	325,256	292,906			325,256	292,906
Community and economic development	453,827	490,670			453,827	490,670
Recreation and culture	280,306	281,937			280,306	281,937
Sewer system			2,100,286	1,947,284	2,100,286	1,947,284
Water system			17,093	24,006	17,093	24,006
Interest on long-term debt	129,280	117,878			129,280	117,878
Total program expenses	4,427,569	4,817,100	2,117,379	1,971,290	6,544,948	6,788,390
Change in net assets	\$ 496,496	\$ 644,935	\$ 1,132,507	\$ 606,146	\$ 1,629,003	\$ 1,251,081

### **Governmental Activities**

Governmental activities increased the Township's net assets by \$644,935 during fiscal year 2007. Key elements of this increase are as follows:

The Township's governmental activities' revenues totaled \$5,462,035, an increase from the prior year governmental activities' revenue of \$4,924,065. The Township's revenue sources increased approximately 11%. This increase was primarily related to our most significant revenue source, property taxes. In 2007, property tax revenue received by the Township increased by \$211,528. Capital grants and contributions also increased by approximately \$206,289, due primarily to a grant received for the purchase of fire equipment.

The Township incurred governmental expenses of \$4,817,100 during 2007, an increase of approximately 9% over 2006. Approximately 6% of the increase in expenditures was due to the purchase of a fire training unit which was funded by a federal government. The majority of the total expenses are associated with providing general government services and public safety, which includes fire and police services.

### **Business-type Activities**

Business-type activities increased the Township's net assets by \$606,146 during fiscal year 2007. The primary reasons for this increase in net assets include the increased equity in the Southern Clinton County Municipal Utilities Authority (SCCMUA), and the acceptance of sewer systems that have been constructed by developers and contributed to the Township to become part of the Township's system. The majority (64%) of the revenue of the business-type activities is generated through user charges. The water system only generates interest income and expenses to the water system are minimal.

### **The Township's Funds**

**Governmental Funds.** The analysis of the Township's major funds begins on page 3, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not DeWitt Charter Township as a whole. DeWitt Charter Township's Board of Trustees creates funds to help manage money for specific purposes. The Township's major governmental fund for the fiscal year ended December 31, 2007 was the General Fund. The General Fund pays for most of the Township's governmental services. The most significant service provided during the fiscal year was for public safety, which incurred expenditures of \$1,715,063 for the fiscal year. Public Safety services are partially supported by a police and fire millage, which is recorded in the General Fund.

**Proprietary Funds.** The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Sewer System and the Water System at the end of the year amounted to \$3,226,037 and \$1,141,814, respectively. Management of the Township has designated \$1,400,000 of the Sewer System Fund's net assets for improvements to the sewer system infrastructure. The increase in net assets for the Sewer System for the fiscal year was \$585,105. Net assets for the Water System increased by \$21,041 in 2007. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Township's business-type activities.

### **General Fund Budgetary Highlights**

Over the course of the fiscal year, the Township Board made necessary budget adjustments to fund unanticipated expenditures during the year. Budget amendment increases were made to cover unanticipated costs in the General Fund. The most significant amendments that were made increased intergovernmental revenue by 30% for a fire equipment grant and an increase in capital outlay budgeted expenditures by 167% for the cost of fire equipment related to the grant and repairs at the community center.

## **Capital Asset and Debt Administration**

**Capital Assets.** At the end of the fiscal year, the Township had approximately \$21,827,658 invested in a broad range of governmental and business-type capital assets, including buildings, land, equipment, and utilities. In addition, the Township has made certain investments in roads within DeWitt Charter Township. These assets are not reported in DeWitt Charter Township's financial statements as capital assets because under Michigan law these roads are the property of the Clinton County Road Commission.

**Long-term Debt.** The Township made principal payments on existing obligations in the amount \$419,349. The carrying amount of the Townships obligation for compensated absences increased by \$14,985. Refer to Note E on pages 26 through 28 for further details related to the Township's long-term debt.

## **Current Economic Factors**

Revenue sharing is the most significant budgetary concern at this time. The State of Michigan is experiencing significant budget problems and as they look for solutions revenue sharing continues to be under attack. Should the statutory component of Revenue Sharing be eliminated through State budget cuts, DeWitt Charter Township would experience a significant revenue loss.

Additionally, it is expected that our tax revenue will be stagnate for at least the next couple of years. The downturn in the economy has reduced our new housing starts, investment in personal property, and the sale of homes, which uncaps the taxable value. With the current economic forecast and the State budgetary problems the revenues are certain to grow at a much slower pace than in the past.

## **Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township Manager or Treasurer at the Township Hall.

## **BASIC FINANCIAL STATEMENTS**

**DEWITT CHARTER TOWNSHIP  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2007**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 2,820,178	\$ 841,722	\$ 3,661,900
Investments	125,533	349,044	474,577
Receivables	1,569,201	407,206	1,976,407
Prepays	25,426	-	25,426
Due from other governmental units	306,795	-	306,795
Total current assets	4,847,133	1,597,972	6,445,105
Noncurrent assets			
Due from other governmental units	323,140	-	323,140
Investment in SCCMUA	-	5,534,345	5,534,345
Investments	812,004	1,254,435	2,066,439
Capital assets not being depreciated	2,150,625	-	2,150,625
Capital assets, net	7,224,245	12,452,788	19,677,033
Total noncurrent assets	10,510,014	19,241,568	29,751,582
TOTAL ASSETS	15,357,147	20,839,540	36,196,687
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	268,544	10,097	278,641
Accrued liabilities	58,984	-	58,984
Accrued interest payable	21,979	-	21,979
Deferred revenue	2,756,159	385,873	3,142,032
Current portion of compensated absences	124,974	-	124,974
Current portion of long-term debt	266,352	-	266,352
Total current liabilities	3,496,992	395,970	3,892,962
Noncurrent liabilities			
Compensated absences	49,430	-	49,430
Noncurrent portion of long-term debt	2,191,469	-	2,191,469
Total noncurrent liabilities	2,240,899	-	2,240,899
TOTAL LIABILITIES	5,737,891	395,970	6,133,861
NET ASSETS			
Invested in capital assets, net of related debt	6,917,049	16,075,719	22,992,768
Restricted for			
Drug law enforcement	4,138	-	4,138
Street lighting	142,757	-	142,757
Unrestricted	2,555,312	4,367,851	6,923,163
TOTAL NET ASSETS	\$ 9,619,256	\$ 20,443,570	\$ 30,062,826

See notes to financial statements.

**DEWITT CHARTER TOWNSHIP  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2007**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 1,753,189	\$ 465,404	\$ -	\$ -	\$ (1,287,785)	\$ -	\$ (1,287,785)
Public safety	1,880,520	22,431	2,756	278,108	(1,577,225)	-	(1,577,225)
Public works	292,906	149,532	-	-	(143,374)	-	(143,374)
Community and economic development	490,670	178,191	-	-	(312,479)	-	(312,479)
Recreation and cultural	281,937	15,369	-	-	(266,568)	-	(266,568)
Interest on long-term debt	117,878	-	-	-	(117,878)	-	(117,878)
Total governmental activities	4,817,100	830,927	2,756	278,108	(3,705,309)	-	(3,705,309)
Business-type activities							
Sewer system	1,947,284	1,644,577	-	307,790	-	5,083	5,083
Water system	24,006	-	-	-	-	(24,006)	(24,006)
Total business-type activities	1,971,290	1,644,577	-	307,790	-	(18,923)	(18,923)
Total government	<u>\$ 6,788,390</u>	<u>\$ 2,475,504</u>	<u>\$ 2,756</u>	<u>\$ 585,898</u>	(3,705,309)	(18,923)	(3,724,232)
General revenues							
Property taxes					2,835,601	-	2,835,601
State shared revenues					907,603	-	907,603
Investment earnings					223,931	144,607	368,538
Equity interest in SCCMUA operations					-	480,462	480,462
Miscellaneous					383,109	-	383,109
Total general revenues					4,350,244	625,069	4,975,313
Change in net assets					644,935	606,146	1,251,081
Restated net assets, beginning of the year					8,974,321	19,837,424	28,811,745
Net assets, end of the year					<u>\$ 9,619,256</u>	<u>\$ 20,443,570</u>	<u>\$ 30,062,826</u>

See notes to financial statements.

**DEWITT CHARTER TOWNSHIP**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**DECEMBER 31, 2007**

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,329,674	\$ 490,504	\$ 2,820,178
Investments	937,537	-	937,537
Receivables			
Accounts	251,352	-	251,352
Taxes	1,232,141	-	1,232,141
Special assessments	-	85,708	85,708
Due from other governmental units	153,377	323,140	476,517
Prepays	25,426	-	25,426
<b>TOTAL ASSETS</b>	<b>\$ 4,929,507</b>	<b>\$ 899,352</b>	<b>\$ 5,828,859</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Payables			
Accounts	\$ 268,544	\$ -	\$ 268,544
Accrued wages	58,984	-	58,984
Deferred revenue	2,728,413	350,886	3,079,299
<b>TOTAL LIABILITIES</b>	<b>3,055,941</b>	<b>350,886</b>	<b>3,406,827</b>
<b>FUND BALANCES</b>			
Reserved for			
Prepays	25,426	-	25,426
Debt service	-	21,471	21,471
Unreserved			
Designated for nonoperating expenditures	403,961	-	403,961
Undesignated, reported in:			
General fund	1,444,179	-	1,444,179
Special revenue funds	-	526,995	526,995
<b>TOTAL FUND BALANCES</b>	<b>1,873,566</b>	<b>548,466</b>	<b>2,422,032</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,929,507</b>	<b>\$ 899,352</b>	<b>\$ 5,828,859</b>



**DEWITT CHARTER TOWNSHIP  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
YEAR ENDED DECEMBER 31, 2007**

**Total fund balance - governmental funds** \$ 2,422,032

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 12,235,481	
Accumulated depreciation is	<u>(2,860,611)</u>	
Capital assets, net		9,374,870

Certain amounts due from other governmental units are not susceptible  
to accrual in the governmental funds due to not having met the criteria  
to be considered available to finance current operations. 153,418

Other long-term assets are not available to pay for current period  
expenditures and, therefore, are deferred in the funds.

Due from other governmental units	323,140
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Long-term liabilities are not due and payable in the current period and  
therefore are not reported in the Governmental Funds Balance Sheet.  
Long-term liabilities at year-end consist of:

Bonds, loans, and general assessments payable	2,457,821	
Accrued interest payable	21,979	
Compensated absences	<u>174,404</u>	
		<u>(2,654,204)</u>

**Net assets of governmental activities** \$ 9,619,256

**DEWITT CHARTER TOWNSHIP  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2007**

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 2,847,084	\$ -	\$ 2,847,084
Licenses and permits	104,691	-	104,691
Intergovernmental	1,185,466	44,041	1,229,507
Fines and forfeits	-	4,065	4,065
Charges for services	492,091	-	492,091
Interest and rents	259,309	1,277	260,586
Other	324,166	179,584	503,750
<b>TOTAL REVENUES</b>	<b>5,212,807</b>	<b>228,967</b>	<b>5,441,774</b>
<b>EXPENDITURES</b>			
Current			
General government	1,509,528	-	1,509,528
Public safety	1,715,063	4,262	1,719,325
Public works	123,917	187,001	310,918
Community and economic development	490,670	-	490,670
Recreation and cultural	102,975	-	102,975
Debt service	167,991	200,597	368,588
Capital outlay	642,498	-	642,498
<b>TOTAL EXPENDITURES</b>	<b>4,752,642</b>	<b>391,860</b>	<b>5,144,502</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>460,165</b>	<b>(162,893)</b>	<b>297,272</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets	54,025	-	54,025
Transfers in	-	534,248	534,248
Transfers out	(534,248)	-	(534,248)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(480,223)</b>	<b>534,248</b>	<b>54,025</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(20,058)</b>	<b>371,355</b>	<b>351,297</b>
Fund balances, beginning of year	1,893,624	177,111	2,070,735
Fund balances , end of year	\$ 1,873,566	\$ 548,466	\$ 2,422,032

See notes to financial statements.

**DEWITT CHARTER TOWNSHIP  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2007**

**Net change in fund balances - total governmental funds** **\$ 351,297**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$	493,649
Depreciation		<u>(433,362)</u>

Excess of depreciation expense over capital outlay	60,287
--	--------

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available.	(33,764)
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Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Bond, loan, and general assessments principal retirement	278,977
--	---------

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	\$	3,123
(Increase) in accrued compensated absences		<u>(14,985)</u>
		<u>(11,862)</u>

<b>Change in net assets of governmental activities</b>	<b><u><u>\$ 644,935</u></u></b>
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**DEWITT CHARTER TOWNSHIP  
PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2007**

	Sewer System	Nonmajor Enterprise Fund (Water System)	Total Proprietary Funds
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 229,359	\$ 612,363	\$ 841,722
Investments	87,680	261,364	349,044
Accounts receivable	401,336	5,870	407,206
	<hr/>	<hr/>	<hr/>
Total current assets	718,375	879,597	1,597,972
Noncurrent assets:			
Investment in SCCMUA	5,534,345	-	5,534,345
Investments	992,218	262,217	1,254,435
Capital assets, net of accumulated depreciation	12,452,788	-	12,452,788
	<hr/>	<hr/>	<hr/>
Total noncurrent assets	18,979,351	262,217	19,241,568
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	19,697,726	1,141,814	20,839,540
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	10,097	-	10,097
Deferred revenue	385,873	-	385,873
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	395,970	-	395,970
	<hr/>	<hr/>	<hr/>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	16,075,719	-	16,075,719
Unrestricted	3,226,037	1,141,814	4,367,851
	<hr/>	<hr/>	<hr/>
TOTAL NET ASSETS	<u>\$19,301,756</u>	<u>\$ 1,141,814</u>	<u>\$20,443,570</u>

**DEWITT CHARTER TOWNSHIP  
PROPRIETARY FUNDS  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS  
YEAR ENDED DECEMBER 31, 2007**

	Sewer System	Nonmajor Enterprise Fund (Water System)	Total Proprietary Funds
OPERATING REVENUES			
Charges for services	\$ 1,491,489	\$ -	\$ 1,491,489
Penalties	19,138	-	19,138
<b>TOTAL OPERATING REVENUES</b>	<b>1,510,627</b>	<b>-</b>	<b>1,510,627</b>
OPERATING EXPENSES			
Administrative charges	130,000	3,000	133,000
Legal, accounting, and engineering	56,746	20	56,766
Contractual service	1,565,568	-	1,565,568
Supplies	4,041	-	4,041
Repairs and maintenance	-	20,986	20,986
Depreciation	188,622	-	188,622
<b>TOTAL OPERATING EXPENSES</b>	<b>1,944,977</b>	<b>24,006</b>	<b>1,968,983</b>
<b>OPERATING LOSS</b>	<b>(434,350)</b>	<b>(24,006)</b>	<b>(458,356)</b>
NONOPERATING REVENUES (EXPENSES)			
Equity interest in 2007 SCCMUA operations	480,462	-	480,462
Contributions - developers	307,790	-	307,790
Permits	1,950	-	1,950
Tap in fees	132,000	-	132,000
Interest revenue	99,560	45,047	144,607
Interest expense	(2,167)	-	(2,167)
Fiscal agent fees	(140)	-	(140)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>1,019,455</b>	<b>45,047</b>	<b>1,064,502</b>
<b>CHANGE IN NET ASSETS</b>	<b>585,105</b>	<b>21,041</b>	<b>606,146</b>
Net assets, beginning of year	18,716,651	1,120,773	19,837,424
Net assets, end of year	<u>\$ 19,301,756</u>	<u>\$ 1,141,814</u>	<u>\$ 20,443,570</u>

**DEWITT CHARTER TOWNSHIP  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2007**

	Sewer System	Nonmajor Enterprise Fund (Water System)	Total Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	\$ 1,489,111	\$ -	\$ 1,489,111
Cash paid to suppliers	(1,604,370)	(25,345)	(1,629,715)
Cash paid to other funds	(8,413)	(65,930)	(74,343)
Cash paid for administrative charges	(130,000)	(3,000)	(133,000)
<b>NET CASH (USED) BY OPERATING ACTIVITIES</b>	(253,672)	(94,275)	(347,947)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Permits revenue	1,950	-	1,950
Fiscal agent fees	(140)	-	(140)
Tap in fees	132,000	-	132,000
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	133,810	-	133,810
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Interest expense	(3,250)	-	(3,250)
Payments of borrowing	(100,000)	-	(100,000)
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	(103,250)	-	(103,250)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest revenue	99,560	45,047	144,607
Purchases of investments	(53,269)	(214,744)	(268,013)
Maturities of investments	100,000	300,000	400,000
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	146,291	130,303	276,594
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS DURING YEAR</b>	(76,821)	36,028	(40,793)
Cash and cash equivalents, beginning of year	306,180	576,335	882,515
Cash and cash equivalents, end of year	\$ 229,359	\$ 612,363	\$ 841,722

See notes to financial statements.

**DEWITT CHARTER TOWNSHIP  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2007**

	<u>Sewer System</u>	<u>Nonmajor Enterprise Fund (Water System)</u>	<u>Total Proprietary Funds</u>
Reconciliation of operating (loss) to net cash (used) by operating activities			
Operating (loss)	\$ (434,350)	\$ (24,006)	\$ (458,356)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities			
Depreciation	188,622	-	188,622
(Increase) in receivables	(21,516)	(4,339)	(25,855)
Decrease in due from other funds	1,810	-	1,810
Increase in accounts payable	7,295	-	7,295
(Decrease) in due to other funds	(10,223)	(65,930)	(76,153)
Increase in deferred revenue	<u>14,690</u>	<u>-</u>	<u>14,690</u>
 NET CASH (USED) BY OPERATING ACTIVITIES	 <u><u>\$ (253,672)</u></u>	 <u><u>\$ (94,275)</u></u>	 <u><u>\$ (347,947)</u></u>

Note: The Township adjusted its equity interest in 2007 Southern Clinton County Municipal Utilities Authority operations in the Sewer System Fund for \$480,462 to reflect the current activity at SCCMUA.

In 2007, the Sewer System recorded an increase in capital assets and contributions from developers, respectively, of \$307,790 as a result of construction costs related to developer projects.

**DEWITT CHARTER TOWNSHIP  
FIDUCIARY FUNDS  
STATEMENT OF ASSETS AND LIABILITIES  
DECEMBER 31, 2007**

	Agency Funds		Total
	Trust and Agency	Current Tax Collection	Fiduciary Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 361,510	\$ 1,712,253	\$ 2,073,763
<b>LIABILITIES</b>			
Due to other governmental units			
State	\$ -	\$ 19,661	\$ 19,661
County	-	109,458	109,458
Schools	-	1,423,812	1,423,812
Library	-	110,561	110,561
Clinton Area Transit System	-	48,761	48,761
Due to individuals and agencies	347,193	-	347,193
Undistributed taxes	14,317	-	14,317
	<u>\$ 361,510</u>	<u>\$ 1,712,253</u>	<u>\$ 2,073,763</u>



## **DEWITT CHARTER TOWNSHIP NOTES TO FINANCIAL STATEMENTS**

### **NOTE A - DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

DeWitt Charter Township, Michigan was organized as a Township under provisions of the constitution and general law of the State of Michigan. The Township is one of sixteen (16) townships in Clinton County. The Township operates under an appointed Township Superintendent and an elected Township Board which consists of a Supervisor, Clerk, Treasurer, and four (4) Trustees and provides services to its residents in many areas including general government, highways and streets, fire protection, law enforcement, and sewer utility services.

#### **1. Reporting Entity**

As required by accounting principles generally accepted in the United States of America; GASB Statement 14, *The Financial Reporting Entity* (as amended by GASB Statement 39); and *Statement on Michigan Governmental Accounting and Auditing No. 5*, these financial statements present the financial activities of DeWitt Charter Township (primary government). The Township has no activities that would be classified as component units.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the financial statements of DeWitt Charter Township contain all the funds controlled by the Township Board.

#### **2. Joint Ventures**

DeWitt Charter Township is a member of the Southern Clinton County Municipal Utilities Authority (SCCMUA). The purpose of the Authority is to operate, maintain, administer, and manage a sewage disposal system for the benefit of the constituent municipalities.

The governing body of the Authority is appointed by the constituent municipalities, and representation is based upon the purchased capacity of each municipality. DeWitt Charter Township currently is represented by five (5) of the ten (10) members of the Authority board. The annual budget of the Authority is submitted to the constituent municipalities and must be approved by a 2/3 vote of the members-elect of the Authority. A copy of SCCMUA's audit can be obtained at their administrative offices.

**DEWITT CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A - DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Continued)**

2. Joint Ventures (Concluded)

The members of the Authority and approximate percentage of responsibility are as follows:

DeWitt Charter Township	56%
City of DeWitt	11%
Watertown Township	16%
Bath Charter Township	17%

For the year ended December 31, 2007, DeWitt Charter Township contributed \$1,565,568 to cover its share of operational costs and reserve activities.

Additionally, an investment in SCCMUA is recorded to reflect the current carrying value at December 31, 2007, of the cumulative effect of SCCMUA operations relating to the Township equity share in the joint venture from inception-to-date. DeWitt Charter Township had recorded their portion of the initial cost of construction of the Authority facilities as capital assets in the Sewer and Water System (Enterprise) Funds, however the portion of those costs relating to the Water System has been eliminated as the Township transferred ownership of its water system to the Lansing Board of Water & Light during the fiscal year ended December 31, 2000.

DeWitt Charter Township is a member of the DeWitt Area Recreation Authority, which is a joint venture between DeWitt Charter Township and the City of DeWitt. The Authority was established in 2003 to provide recreation services. The Authority's activities are overseen by a six (6) member board of Directors, with each municipality appointing three (3) members. Each municipality provides annual appropriations to subsidize operations. The current funding formula approved by the Authority requires DeWitt Charter Township and the City of DeWitt to provide approximately 67 and 33 percent, respectively. In 2007 the Township contributed \$60,363. A copy of the DeWitt Area Recreation Authority's audit can be obtained from DeWitt Charter Township's administrative offices.

3. Jointly Governed Organizations

The Township participates in the following activity which is considered to be a jointly governed organization in relation to the Township, due to there being no ongoing financial interest or responsibility:

Under Public Act 24 of 1989, DeWitt Charter Township, in conjunction with the City of DeWitt, created the DeWitt Public Library which is considered a District Library. In 2005, the Library began to serve a portion of Watertown Charter Township. The DeWitt Public Library board is composed of seven (7) members, three (3) of which are appointed by DeWitt Charter Township. The Township has no financial responsibility to the Library.

## **DEWITT CHARTER TOWNSHIP NOTES TO FINANCIAL STATEMENTS**

### **NOTE A - DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **4. Basis of Presentation**

##### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The statement of net assets and the statement of activities (the government-wide statements) present information for the primary government as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

##### **FUND FINANCIAL STATEMENTS**

The fund financial statements present the Township's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

The major funds of the Township are:

- a. The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Sewer System is used to account for the operations required to provide sewer services to the general public, the costs (expenses, including depreciation) is financed or recovered primarily through user charges.

**DEWITT CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A - DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Continued)**

**5. Measurement Focus**

The government-wide, proprietary, and fiduciary financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

There is no measurement focus for Agency Funds since assets equal liabilities.

**6. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

All governmental and agency funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both “measurable” and “available to finance expenditures of the current period”). The length of time used for “available” for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues which are considered measurable, but not available, are recorded as a receivable and deferred revenue. Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected soon enough after year-end to pay liabilities of the current period. Significant revenues susceptible to accrual include certain intergovernmental revenues and charges for services. Most licenses and permits, fines and forfeits, and miscellaneous revenue sources generally are recorded as revenues when received in cash because they are not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

The proprietary funds are accounted for using the accrual basis of accounting. The revenues are recognized when they are earned, and the expenses are recognized when they are incurred.

**DEWITT CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A - DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Continued)**

6. Basis of Accounting - continued

Private-sector standards of accounting and financial reporting issued to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

7. Budgets and Budgetary Accounting

The General Fund budget shown as required supplementary information was prepared on a basis not substantially different than the basis used to reflect actual results.

The Township employs the following procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to September 1, the Township Manager submits a proposed operating budget for the fiscal year commencing the following January 1 to the Township Board. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
- c. Prior to November 1, the budget is adopted through passage of a Board resolution. After the budget is adopted all transfers of budgeted amounts between activities or any revisions that alter the total expenditures of the fund or activity must be approved by the Township Board.

**DEWITT CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A - DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

7. Budgets and Budgetary Accounting (Concluded)

- d. Formal budgetary integration is employed as a management control devise during the year.
- e. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at December 31 are not carried forward to the following fiscal year.
- f. Budgeted amounts are reported as originally adopted or amended by the Township Board during the year.
- g. Excess of expenditures over appropriations in budgeted funds – During the year, the local governmental unit incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated as follows:

<u>Budgeted item</u>	<u>Budget appropriation</u>	<u>Actual expenditure</u>	<u>Budget variable</u>
General fund - building and grounds	\$ 324,960	\$ 438,495	\$ (113,535)
General fund - debt service	\$ 147,950	\$ 167,991	\$ (20,041)
General fund - transfers out	\$ 158,945	\$ 534,248	\$ (375,303)

8. Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of checking, savings, and investment trust fund accounts. The cash and cash equivalents are recorded at cost, which approximates market value.

Investments include U.S. Government Securities and certificates of deposit with an original maturity of greater than 90 days from the date of purchase. All investments are stated at market value.

9. Receivables

Receivables consist of amounts due from various individuals and businesses related to charges for services, amounts owed to the Township from special assessment, and taxes levied that have not been collected.

**DEWITT CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A - DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Continued)**

10. Property Tax

DeWitt Charter Township bills and collects its own property taxes and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

Property taxes are levied twice per year. A summer tax is levied on July 1, and a winter tax is levied on December 1. The tax levies are due September 14 and February 14, respectively. All taxes not paid by their due dates are deemed delinquent. Delinquent real property taxes are turned over to the Clinton County Treasurer on March 1 of the year following the levy. The Clinton County Treasurer remits payment to all taxing units on all delinquent real property taxes. Delinquent personal property taxes are retained by the Township for subsequent collection.

The Township's property tax is levied each December 1 on the taxable valuation of property located in the Township as of the preceding December 31. Although the Township's 2007 tax is levied and collectible on December 1, 2007, it is the Township's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of the levy are budgeted and made available for the financing of Township operations.

The Township is permitted to levy up to \$5 per \$1,000 of taxable valuation for general governmental service and additional amounts for special and debt services. For the year ended December 31, 2007, the Township levied 3.9736 mills for general governmental services, 1.0000 mills for police services, and 1.0000 mills for fire services in December 2006. The total taxable value for the 2006 levy for the property within the Township was \$430,411,078.

11. Capital Assets

Capital assets include land, land improvements, buildings, equipment, vehicles, and sewer system and are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental and business-type activities columns. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

**DEWITT CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A - DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Continued)**

11. Capital Assets (Concluded)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	20 years
Buildings and improvements	25 - 40 years
Sewer system/lines/pump stations	75 - 100 years
Machinery and equipment	40 - 30 years
Vehicles	4 - 20 years
Office furniture and equipment	14 - 25 years
Flowage rights	50 years

12. Accrued Interest Payable

Accrued interest is presented for long-term obligations in the government-wide financial statements.

13. Deferred Revenue

Deferred revenue consists of property taxes for which there is an enforceable claim as of December 31, 2007, but which are levied to finance year 2008 operations and sewer tap-in fees the Township received for services it has not yet provided. Governmental funds report deferred revenues in connection with receivables for revenue that is not considered available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. Government-wide and proprietary financial statements report deferred revenues that are unavailable to liquidate liabilities of the current period.

14. Accrued Vacation and Sick Pay

In accordance with the Township personnel policies and/or contracts negotiated with the various employee groups of the Township, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the respective personnel policies and/or contracts.

Vested vacation and sick leave earned as of December 31, 2007, including related payroll taxes, is recorded entirely in the government-wide financial statements.



**DEWITT CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A - DESCRIPTION OF TOWNSHIP OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

15. Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as noncurrent.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

16. Interfund Transactions

During the course of normal operations the Township has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

The General Fund records administrative charges to various funds as revenue. All funds record these payments as operating expenditures/expenses.

17. Comparative Data

Comparative data for the prior year has not been presented in all funds in the accompanying financial statements since their inclusion would make the financial statements unduly complex and difficult to read.

**NOTE B - CASH, CASH EQUIVALENTS, AND INVESTMENTS**

In accordance with Michigan Compiled Laws, the Township is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or any agency or instrumentality of the United States.

**DEWITT CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE B - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits, and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the federal loan mortgage corporation, federal national mortgage association or government national mortgage association.

Deposits

There is a custodial credit risk as it related to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2007, the carrying amount of the Township's deposits was \$5,951,347 and the bank balance was \$4,254,809.

Deposits of the Township are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Township. As of December 31, 2007, the Township accounts were insured by the FDIC for \$701,676 and the amount of \$3,553,133 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the Township held as cash and cash equivalents increased significantly. As a result, the amount of the uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

**DEWITT CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS(Continued)**

Investments

As of December 31, 2007, the carrying amounts and market values for the investments were as follows:

Investment type	Carrying amount	Weighted average maturity	Rating	%
Insured or registered for which the securities are held by the Township's agent in the Township's name:				
Federal HOME Loan Mortgage Corporation	\$ 881,363	15.3 years	AAA	37.9%
Federal National Mortgage Association	963,926	10.1 years	AAA	41.5%
Government National Mortgage Association	118,081	18.9 years	AAA	5.1%
U.S. Treasury securities	<u>277,645</u>	N/A	AAA	11.9%
	2,241,015			
Uncategorized pooled investment funds	<u>84,317</u>			3.6%
	<u>\$ 2,325,332</u>			<u>100.0%</u>

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of December 31, 2007, the Township investment in the Federal Home Loan Mortgage Corporation, Federal National Mortgage, Government National Mortgage Association, and U.S. Treasury Securities investments were rated AAA by Standard and Poor's.

Interest rate risk

The Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designating its investment portfolio with the objective of obtaining a rate of return through the economic cycles considering risk constraints and cash flow characteristics.

# **DEWITT CHARTER TOWNSHIP** **NOTES TO FINANCIAL STATEMENTS**

## **NOTE B - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Concluded)**

### Concentration of credit risk

The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio by security type to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

The cash, cash equivalents, and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of December 31, 2007:

	Primary government	Fiduciary	Total
Cash and cash equivalents	\$ 3,661,900	\$ 2,073,763	\$ 5,735,663
Investments	2,541,016	-	2,541,016
	<u>\$ 6,202,916</u>	<u>\$ 2,073,763</u>	<u>\$ 8,276,679</u>

The cash and cash equivalents caption on the financial statements include \$150 in petty cash and \$300 held in trust with Ingham County.

## **NOTE C - INTERFUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity is classified as an interfund transfer.

Transfers to nonmajor governmental funds from:

General fund	<u>\$ 534,248</u>
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Transfers were used to establish three (3) new Special Revenue Funds and to move unrestricted General Fund revenues to finance debt service payments that the Township must account for in other funds.

**DEWITT CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE D - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2007 was as follows:

**Governmental activities**

	Restated balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
Capital assets not being depreciated:				
Land	\$ 2,150,625	\$ -	\$ -	\$ 2,150,625
Capital assets being depreciated:				
Land improvements	2,855,179	39,015	-	2,894,194
Buildings and improvements	4,394,812	109,826	-	4,504,638
Machinery and equipment	514,036	297,178	-	811,214
Flowage rights	155,124	-	-	155,124
Vehicles	1,485,398	47,630	20,405	1,512,623
Office equipment and furniture	207,063	-	-	207,063
Total capital assets being depreciated	9,611,612	493,649	20,405	10,084,856
Less accumulated depreciation for:				
Land improvements	(200,545)	(146,770)	-	(347,315)
Buildings and improvements	(1,256,833)	(110,666)	-	(1,367,499)
Machinery and equipment	(305,563)	(40,297)	-	(345,860)
Flowage rights	(6,205)	(3,102)	-	(9,307)
Vehicles	(567,377)	(117,410)	(20,405)	(664,382)
Office equipment and furniture	(111,131)	(15,117)	-	(126,248)
Total accumulated depreciation	(2,447,654)	(433,362)	(20,405)	(2,860,611)
Net capital assets being depreciated	7,163,958	60,287	-	7,224,245
Net capital assets - governmental activities	<u>\$ 9,314,583</u>	<u>\$ 60,287</u>	<u>\$ -</u>	<u>\$ 9,374,870</u>

**DEWITT CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE D - CAPITAL ASSETS (Concluded)**

**Governmental activities (Concluded)**

Depreciation expense was charged to the following governmental activities:

General government	\$ 79,827
Public safety	161,195
Public works	13,378
Recreation and cultural	<u>178,962</u>
Total depreciation expense	<u><u>\$ 433,362</u></u>

**Business-type activities**

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
Capital assets being depreciated:				
Sewer system	\$ 16,055,785	\$ 307,790	\$ -	\$ 16,363,575
Equipment	<u>74,707</u>	<u>-</u>	<u>-</u>	<u>74,707</u>
Total capital assets being depreciated	<u>16,130,492</u>	<u>307,790</u>	<u>-</u>	<u>16,438,282</u>
Less accumulated depreciation for:				
Sewer system	(3,722,165)	(188,622)	-	(3,910,787)
Equipment	<u>(74,707)</u>	<u>-</u>	<u>-</u>	<u>(74,707)</u>
Total accumulated depreciation	<u>(3,796,872)</u>	<u>(188,622)</u>	<u>-</u>	<u>(3,985,494)</u>
Net capital assets - business-type activities	<u><u>\$ 12,333,620</u></u>	<u><u>\$ 119,168</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,452,788</u></u>

**DEWITT CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE E - LONG-TERM DEBT**

The following is a summary of changes in long-term debt (including current portion) of the Township for the year ended December 31, 2007:

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007	Amount due within one year
Government activities:					
1998 General Obligation Bonds	\$ 1,675,000	-	\$ 85,000	\$ 1,590,000	\$ 90,000
1995 Limited Tax					
General obligation bonds	280,000	-	25,000	255,000	25,000
Installment loan payable - fire station	476,000	-	56,000	420,000	56,000
Installment loan payable - fire truck	190,279	-	61,537	128,742	63,409
Installment loan payable - software	20,050	-	20,050	-	
General assessments	95,469		31,390	64,079	31,943
Accrued vacation and sick pay	159,419	175,407	160,422	174,404	124,974
	<u>2,896,217</u>	<u>175,407</u>	<u>439,399</u>	<u>2,632,225</u>	<u>391,326</u>
Business-type activities					
1978 revenue bonds	100,000	-	100,000	-	-
	<u>\$ 2,996,217</u>	<u>\$ 175,407</u>	<u>\$ 539,399</u>	<u>\$ 2,632,225</u>	<u>\$ 391,326</u>

**DEWITT CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE E - LONG-TERM DEBT (Continued)**

Significant details regarding outstanding long-term debt (including current portion) are presented below:

\$2,150,000 Unlimited General Obligation Township Facility Construction Bonds, Series 1998, dated December 1, 1998 due in annual installments ranging from \$90,000 to \$160,000 through May 1, 2020 with interest ranging from 4.375 to 4.625 percent, payable semi-annually.	\$ 1,590,000
\$450,000 Limited Tax General Obligation Clinton County Water Supply System Bonds, Series 1995, dated July 1, 1995, due in annual installments ranging from \$25,000 to \$40,000 through May 1, 2015, with interest ranging from 5.90 to 6.20 percent, payable semi-annually.	255,000
\$840,000 Installment Purchase Agreement, due in semi-annual installments ranging from \$28,746 to \$39,193 through May 1, 2015, with interest at 5.33%, payable semi-annually, for property acquisition and construction of a fire station.	420,000
\$250,000 Installment Purchase Agreement, due in semi-annual installments of \$67,325 through January 1, 2009, with interest at 3.0%, payable semi-annually, for the purchase of a fire truck.	<u>128,742</u>
	<u><u>\$ 2,393,742</u></u>

Other Long-Term Debt

The Township is assessed for drains at large by Clinton County. The assessment covers the Township's share of installation and usage rights for the drains. General assessments outstanding at year end totaled \$64,079 payable in annual installments of \$31,943 and \$32,136 over 2008 and 2009, respectively.

Accrued Vacation and Sick Pay

In accordance with the Township personnel policies and/or contracts negotiated with the various employee groups of the Township, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$174,404 for vacation and sick at December 31, 2007. The amounts of \$124,974 and \$49,430 have been reported as current and noncurrent liabilities, respectively.



**DEWITT CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE E - LONG-TERM DEBT (Concluded)**

The annual requirements to pay the debt principal and interest outstanding for the bonds and installment purchase agreements are as follows:

Year ending December 31,	1998 Unlimited tax general obligation bonds		Water supply system limited tax general obligation bonds		Installment purchase agreements	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 90,000	\$ 69,816	\$ 25,000	\$ 14,823	\$ 119,409	\$ 25,556
2009	95,000	65,769	25,000	13,335	121,333	20,648
2010	100,000	61,441	30,000	11,685	56,000	15,670
2011	105,000	56,828	30,000	9,870	56,000	12,685
2012	110,000	51,991	35,000	7,887	56,000	9,701
2013 - 2017	630,000	179,406	110,000	10,540	140,000	11,193
2018 - 2020	460,000	32,552				
	<u>\$ 1,590,000</u>	<u>\$ 517,803</u>	<u>\$ 255,000</u>	<u>\$ 68,140</u>	<u>\$ 548,742</u>	<u>\$ 95,453</u>

During the year ended December 31, 2000, the Township entered into an agreement with the Lansing Board of Water & Light (BWL) transferring ownership of the Water System to the BWL. In return, the BWL has agreed to transfer funds to the Township sufficient to pay the General Obligation Bond liability related to the Water System as it becomes due. Because the Water System debt is no longer intended to be repaid with usage fees generated by the system, the Water Supply System Limited Tax General Obligation Bonds were transferred from the Water System Fund and are recorded on the Statement of Net Assets and a Debt Service Fund has been established to account for future debt payments.

## **DEWITT CHARTER TOWNSHIP NOTES TO FINANCIAL STATEMENTS**

### **NOTE F - RETIREMENT PLAN**

#### **TOWNSHIP GENERAL**

DeWitt Charter Township is the sponsor of a defined contribution retirement plan for the sole benefit of its employees excluding the supervisory and nonsupervisory police personnel for the Township. The DeWitt Charter Township Pension Plan is a money purchase defined contribution pension benefit plan. Contributions are based on a preestablished wage-based contribution schedule with the Township contributing 100% of the amount. Employees may elect to contribute additional amounts ranging from 1 to 10 percent of their compensation. During the year ended December 31, 2007, DeWitt Charter Township made contributions for all eligible participating employees equal to 10% of their base compensation. To be eligible to participate, an employee must be full-time, eighteen (18) years of age, and have completed six (6) months of services. Elected officials are not required to fulfill the service requirements. The eligibility computation period is the six (6) month period that begins with the date hired.

All eligible employees participate in the plan. The contributions fund the premiums for ordinary life insurance tax deferred annuities and various pooled investment funds with the John Hancock Life Insurance Company.

For the year ended December 31, 2007, the DeWitt Charter Township had a total payroll excluding the supervisory and nonsupervisory police employees of \$1,260,909. The DeWitt Charter Township Defined Contribution Retirement Plan had a covered payroll of \$1,205,520. DeWitt Charter Township made employer contributions to the retirement plan in the amount of \$120,252.

#### **CHIEF OF POLICE**

DeWitt Charter Township is the sponsor of a defined contribution retirement plan for the sole benefit of the Chief of Police for the Township. The DeWitt Charter Township Pension Plan is a money purchase defined contribution pension benefit plan. Contributions are based on a preestablished wage-based contribution schedule with the Township contributing 100% of the amount. Employees may not contribute additional amounts. During the year ended December 31, 2007, DeWitt Charter Township made contributions equal to 10% of the base compensation. The Chief of Police is the only employee eligible to participate.

All eligible employees participate in the plan. The contributions fund the premiums for ordinary life insurance tax deferred annuities and various pooled investment funds with the Michigan Municipal Employees Retirement System.

For the year ended December 31, 2007, the DeWitt Charter Township Defined Contribution Retirement Plan had a covered payroll of \$62,940. DeWitt Charter Township made employer contributions to the retirement plan in the amount of \$6,294.

## **DEWITT CHARTER TOWNSHIP NOTES TO FINANCIAL STATEMENTS**

### **NOTE F - RETIREMENT PLAN (Continued)**

#### POLICE

##### Plan Description

The Township also participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all supervisory and nonsupervisory Police employees of the Township. The system provides retirement, disability, and death benefits to plan members and their beneficiaries.

The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, MI 48917.

##### Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's collective bargaining units and requires no contribution from the employees. The Township is required to provide amounts necessary to fund the system.

##### Annual Pension Cost

For year ended December 31, 2007, the Township's annual pension cost of \$93,541 for the plan was equal to the Township's required and actual contribution. The estimated annual required contribution was determined as part of an actuarial valuation as of December 31, 2005, using the entry age normal actuarial method. Actual required contributions were based on actual reported monthly payroll. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 8.40% per year, depending on age, attributable to seniority/merit and promotional salary increases and the assumption that benefits will increase 2.5% annually for persons under Benefit E-1 or E-2. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a four (4) year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis over a period of 30 years.

**DEWITT CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE F - RETIREMENT PLAN (Continued)**

Three (3) year trend information

	Year ended December 31,		
	2004	2005	2006
Actuarial value of assets	\$ 1,269,436	\$ 1,426,231	\$ 1,635,877
Actuarial accrued liability (entry age)	1,540,965	2,039,324	2,163,460
Unfunded AAL	271,529	613,093	527,583
Funded ratio	82%	70%	76%
Covered payroll	667,349	650,634	722,956
UAAL as a percentage of covered payroll	41%	94%	73%

  

	Year ended December 31,		
	2005	2006	2007
Annual pension cost	\$ 76,221	\$ 75,295	\$ 93,541
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

This trend information was obtained from the most recently issued actuarial reports.

**NOTE G - RISK MANAGEMENT**

The Township participates in a pool, the Michigan Municipal League Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Township has not been informed of any special assessments being required.

The Township also participates in a State pool, the Michigan Municipal Risk Management Authority, with other municipalities for property and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. The Township has no liability for additional assessments based on the claims filed against the pool nor do they have any right to dividends.

**DEWITT CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE H - FUND EQUITY RESERVES AND DESIGNATIONS**

Reserved fund balances are used to earmark a portion of fund equity to indicate that it is not appropriate for expenditures or has been legally segregated for a specific future use. Designated fund balance and fund net assets indicate that portion of the fund equity which the Township has set aside for specific purposes.

The following are the various fund balance reserves as of December 31, 2007:

General fund:

Reserved for prepaids	<u>\$ 25,426</u>
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Nonmajor governmental funds:

Reserved for debt service	<u>\$ 21,471</u>
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The following is a fund balance designation as of December 31, 2007:

General fund:

Designated for nonoperating expenditures	<u>\$ 403,961</u>
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**NOTE I - RESTRICTED NET ASSETS**

Restrictions of net assets shown in the Government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net asset restrictions as of December 31, 2007:

Governmental activities:

Drug law enforcement	\$ 4,138
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Street lighting	<u>142,757</u>
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	<u>\$ 146,895</u>
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**NOTE J – RESTATEMENT OF NET ASSETS**

Beginning net assets were restated to recognize amounts due from other governmental units (\$145,897); unrecorded flowage rights, net of accumulated depreciation (\$53,450); and unrecorded long-term receivable (\$364,425). Beginning net assets for governmental activities were increased by \$563,772.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**DEWITT CHARTER TOWNSHIP  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes				
Current property taxes				
General	\$ 1,710,000	\$ 1,710,000	\$ 1,702,428	\$ (7,572)
Police	430,000	430,000	428,423	(1,577)
Fire	430,000	430,000	428,423	(1,577)
Other	200,000	200,000	231,760	31,760
Delinquent property taxes	12,000	12,000	6,934	(5,066)
Tax collection fees	38,000	38,000	38,298	298
Trailer taxes	7,000	7,000	10,818	3,818
Total taxes	2,827,000	2,827,000	2,847,084	20,084
Licenses and permits				
Building and zoning permits	177,000	177,000	104,691	(72,309)
Intergovernmental				
State shared revenue	921,000	921,000	900,082	(20,918)
Fire equipment grant	-	278,108	278,108	-
Liquor licenses	6,500	6,500	7,276	776
Total intergovernmental	927,500	1,205,608	1,185,466	(20,142)
Charges for services				
Administration charges	142,472	142,472	133,000	(9,472)
Franchise fees	135,000	135,000	166,458	31,458
Court fees	60,000	60,000	59,998	(2)
Inspection fees	103,000	103,000	71,080	(31,920)
Building registration fees	2,500	2,500	2,420	(80)
Park fees and programs	25,000	25,000	15,369	(9,631)
Cemetery lots and grave openings	17,000	17,000	28,610	11,610
Fire runs and protection	5,000	5,000	7,245	2,245
Police fees - OUIL recovery	4,000	4,000	6,735	2,735
Alarm ordinance revenue	-	-	1,176	1,176
Total charges for services	493,972	493,972	492,091	(1,881)
Interest and rents				
Interest - regular	80,000	80,000	215,557	135,557
Interest - tax collections	4,000	4,000	7,092	3,092
Rental fees	36,300	36,300	36,660	360
Total interest and rents	120,300	120,300	259,309	139,009

**DEWITT CHARTER TOWNSHIP  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES - CONTINUED				
Other				
Reimbursements	\$ 130,000	\$ 130,000	\$ 319,923	\$ 189,923
Other sales	8,000	8,000	4,243	(3,757)
Total other	138,000	138,000	324,166	186,166
TOTAL REVENUES	4,683,772	4,961,880	5,212,807	250,927
EXPENDITURES				
General government				
Township board	36,900	36,900	34,681	2,219
Supervisor	22,850	23,350	23,005	345
Township manager	192,735	192,735	172,811	19,924
Elections	13,600	13,600	11,502	2,098
Assessor	165,258	167,758	164,597	3,161
Clerk	139,417	139,417	135,317	4,100
Board of Review	1,255	1,255	1,074	181
Treasurer	153,548	153,548	143,379	10,169
Building and grounds	319,960	324,960	438,495	(113,535)
Community center	33,400	33,400	32,533	867
Township hall	283,870	305,670	278,528	27,142
Other	268,000	277,500	73,606	203,894
Total general government	1,630,793	1,670,093	1,509,528	160,565
Public safety				
Police department	1,462,198	1,462,198	1,339,645	122,553
Fire department	419,050	419,050	375,418	43,632
Total public safety	1,881,248	1,881,248	1,715,063	166,185
Public works				
Drains	10,000	10,000	9,494	506
Highways and streets	233,500	233,500	114,423	119,077
Total public works	243,500	243,500	123,917	119,583
Community and economic development				
Building and zoning	274,906	274,906	263,134	11,772
Planning department	226,645	226,645	227,536	(891)
Total community and economic development	501,551	501,551	490,670	10,881



**DEWITT CHARTER TOWNSHIP  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES - CONTINUED				
Recreation and cultural				
Parks and recreation	\$ 111,700	\$ 111,700	\$ 102,975	\$ 8,725
Debt service	147,950	147,950	167,991	(20,041)
Capital outlay	313,475	837,452	642,498	194,954
TOTAL EXPENDITURES	4,830,217	5,393,494	4,752,642	640,852
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(146,445)	(431,614)	460,165	891,779
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	5,000	5,000	54,025	49,025
Transfers out	(158,945)	(534,248)	(534,248)	-
TOTAL OTHER FINANCING SOURCES (USES)	(153,945)	(529,248)	(480,223)	49,025
NET CHANGE IN FUND BALANCE	(300,390)	(960,862)	(20,058)	940,804
FUND BALANCE, beginning of year	1,893,624	1,893,624	1,893,624	-
FUND BALANCE, end of year	\$ 1,593,234	\$ 932,762	\$ 1,873,566	\$ 940,804

## **OTHER SUPPLEMENTARY INFORMATION**

**DEWITT CHARTER TOWNSHIP  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2007**

	Special Revenue							Debt Service		Total Nonmajor Governmental Funds
	Police Training	Street Lighting	Drug Forfeiture	Transportation System Reserve	Equipment Reserve	Budget Stabilization	Remy Chandler	1998 G.O. Bonds	Water System Bonds	
ASSETS										
Cash and cash equivalents	\$ 4,496	\$ 68,456	\$ 4,138	\$ 100,000	\$ 145,514	\$ 130,090	\$ 30,083	\$ 1,377	\$ 6,350	\$ 490,504
Due from other governmental units	-	-	-	-	-	-	-	-	323,140	323,140
Special assessments receivable	-	74,301	-	-	-	-	11,407	-	-	85,708
TOTAL ASSETS	<u>\$ 4,496</u>	<u>\$ 142,757</u>	<u>\$ 4,138</u>	<u>\$ 100,000</u>	<u>\$ 145,514</u>	<u>\$ 130,090</u>	<u>\$ 41,490</u>	<u>\$ 1,377</u>	<u>\$ 329,490</u>	<u>\$ 899,352</u>
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Deferred revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,746	\$ -	\$ 323,140	\$ 350,886
FUND BALANCES										
Reserved for debt service	-	-	-	-	-	-	13,744	1,377	6,350	21,471
Unreserved										
Undesignated reported in:										
Special revenue funds	<u>4,496</u>	<u>142,757</u>	<u>4,138</u>	<u>100,000</u>	<u>145,514</u>	<u>130,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>526,995</u>
TOTAL FUND BALANCES	<u>4,496</u>	<u>142,757</u>	<u>4,138</u>	<u>100,000</u>	<u>145,514</u>	<u>130,090</u>	<u>13,744</u>	<u>1,377</u>	<u>6,350</u>	<u>548,466</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,496</u>	<u>\$ 142,757</u>	<u>\$ 4,138</u>	<u>\$ 100,000</u>	<u>\$ 145,514</u>	<u>\$ 130,090</u>	<u>\$ 41,490</u>	<u>\$ 1,377</u>	<u>\$ 329,490</u>	<u>\$ 899,352</u>

**DEWITT CHARTER TOWNSHIP  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2007**

	Special Revenue							Debt Service		Total Nonmajor Governmental Funds
	Police Training	Street Lighting	Drug Forfeiture	Transportation System Reserve	Equipment Reserve	Budget Stabilization	Remy Chandler	1998 G.O. Bonds	Water System Bonds	
REVENUES										
Intergovernmental	\$ 2,756	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,285	\$ 44,041
Fines and forfeits	-	-	4,065	-	-	-	-	-	-	4,065
Interest	52	1,069	6	-	-	-	150	-	-	1,277
Other										
Special assessments	-	149,532	-	-	-	-	29,196	-	-	178,728
Other	-	-	-	-	-	-	856	-	-	856
TOTAL REVENUES	2,808	150,601	4,071	-	-	-	30,202	-	41,285	228,967
EXPENDITURES										
Current										
Public safety	1,421	-	2,841	-	-	-	-	-	-	4,262
Public works	-	155,611	-	-	-	-	31,390	-	-	187,001
Debt service	-	-	-	-	-	-	-	159,012	41,585	200,597
TOTAL EXPENDITURES	1,421	155,611	2,841	-	-	-	31,390	159,012	41,585	391,860
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,387	(5,010)	1,230	-	-	-	(1,188)	(159,012)	(300)	(162,893)
OTHER FINANCING SOURCES										
Transfers in	-	-	-	100,000	145,514	130,090	-	158,644	-	534,248
NET CHANGE IN FUND BALANCES	1,387	(5,010)	1,230	100,000	145,514	130,090	(1,188)	(368)	(300)	371,355
FUND BALANCE, beginning of year	3,109	147,767	2,908	-	-	-	14,932	1,745	6,650	177,111
FUND BALANCE, end of year	\$ 4,496	\$ 142,757	\$ 4,138	\$ 100,000	\$ 145,514	\$ 130,090	\$ 13,744	\$ 1,377	\$ 6,350	\$ 548,466

**DEWITT CHARTER TOWNSHIP  
GENERAL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - CONSTRUCTION CODE  
YEAR ENDED DECEMBER 31, 2007**

**REVENUES**

Licenses and permits	
Building and zoning permits	\$ 104,691
Charges for services	
Inspection fees	71,080
Building registration fees	<u>2,420</u>
 Total construction code revenues	 178,191

**EXPENDITURES**

Community and economic development	
Building and zoning	263,134
Planning Department	<u>227,536</u>
 Total construction code expenditures	 <u>490,670</u>
 Current year excess of revenues (under) expenditures	 (312,479)
 Prior years' excess of revenues (under) expenditures	 <u>(609,212)</u>
 Cumulative excess of revenues (under) expenditures	 <u><u>\$ (921,691)</u></u>



Lamonte T. Lator  
Bruce J. Dunn  
Jeffrey C. Stevens  
Linda I. Schirmer  
Steven W. Scott  
David M. Raeck  
Robert E. Miller, Jr.  
Steven B. Robbins  
James E. Nyquist  
James R. Dedyne

Timothy H. Adams  
David B. Caldwell  
Edward L. Williams, III  
Timothy J. Orians  
Dennis D. Theis  
James A. McNeeley  

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Walter P. Maner, Jr. (1921-2004)  
Floyd L. Costerisan  
Leon A. Ellis (1933-1988)

June 13, 2008

To the Board of Trustees  
Dewitt Charter Township

In planning and performing our audit of the financial statements of Dewitt Charter Township as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Dewitt Charter Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the following deficiency to be a significant deficiency in internal control:

**Journal Entries**

During the course of our audit, four journal entries were made to the Township's financial statements which had a significant effect on the Township's financial reporting. The Township should continue to work on the accuracy of reconciliations for all significant accounts, paying close attention to proper cut-off of accounts receivable and accounts payable.

In addition, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated June 13, 2008 on the financial statements of Dewitt Charter Township. Our comments are summarized as follows:

**Credit card receipts**

During the audit process, we selected one month to test credit card expenses of key employees; it was noted that all amounts charged appeared reasonable and the dollar amount was not significant. However, during our review, we noted the Township Manager is reviewing and approving his own purchases. We recommend the Township Clerk or another qualified official review and approve the Manager's credit card purchases and the credit card policy be amended to reflect this change.

**Cash disbursements procedures**

We noted during our audit that electronic copies of the cancelled checks are received by the Township but they are not currently being reviewed. We recommend, someone independent of the disbursement process review the cancelled checks at least periodically. This procedure should include ensuring there is an actual cancelled check (or copy of cancelled check) for every item clearing the bank statement. These cancelled checks should be reviewed for check sequence, payee, endorsement, and authorized check signer. Any omissions of cancelled checks or unusual payee should be investigated immediately.

**Cash receipts**

Currently money is received in the Treasurer's office and receipted into the BSA software system, creating an initial listing of cash receipts. In addition, someone from the Treasurer's office takes the money to the bank and compares the deposit slip and bank deposit to the amount that was entered into BSA. We recommend someone independent of the receipting process compare the initial listing from BSA to the deposit slip and bank deposit to ensure the amount receipted made it into the bank account.

**Budget compliance**

We observed the budgeted expenditures exceeded the actual amount by \$113,535 in the general fund building and grounds and \$20,041 in the general fund debt service. Although the amounts are relatively large, we believe the Township's budgeting policies and procedures are operating properly; however, the Township should continue to monitor the budget variances and amend the budget when necessary to comply with the uniform budgeting act. Please keep in mind that budget adjustments should be made before expenditures are actually made.

We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations.



This report is intended solely for the information and use of Dewitt Charter Township, management, and others within the organization, and is intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

*Maner, Costeusan + Ellis, P.C.*

June 13, 2008



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June 13, 2008

To the Board of Trustees  
Dewitt Charter Township

We have audited the financial statements of Dewitt Charter Township for the year ended December 31, 2007, and have issued our report thereon dated June 13, 2008. Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated January 7, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

#### Planned Scope and Timing of the Auditing

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on April 28, 2008.

#### Significant Audit Findings

##### *1. Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Dewitt Charter Township are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007. We noted no transactions entered into by Dewitt Charter Township during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were determining the estimated liability for compensated absences and depreciable lives of capital assets.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no disclosures that were considered significant to the financial statement users.

## *2. Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

## *3. Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The four adjustments we proposed were recorded by the Township. Management has approved all adjustments.

## *4. Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

## *5. Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 13, 2008.

*6. Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Dewitt Charter Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*7. Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Dewitt Charter Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Trustees and management of Dewitt Charter Township and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Maner, Costeusan + Ellis, P.C.*

June 13, 2008